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Message Text

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TO AMEMBASSY BELGRADE

C O N F I D E N T I A L STATE 028688

FROM ANDREWS FOR WORTZEL

E.O. 11652: GDS

TAGS: OGEN

SUBJECT: OFFICIAL/INFORMAL

1. TITO VISIT PREPARATIONS. WE HAVE POUCHED OUT THE TITO TASKING MEMO FROM S/S SO YOU WILL HAVE IDEA ON DEADLINES AND CAN TAILOR YOUR CONTRIBUTIONS ACCORDINGLY. WE MAY ALSO SEND OUT SOME DRAFTS FOR YOUR COMMENTS WHERE WE HAVE ENOUGH LEAD-TIME.

2. EXIMBANK SUPERGUARANTEES. WE WILL BE REPORTING IN THE OPEN CHANNEL ON BELOVSKI'S LUNCH WITH GEORGE, BILL, DARRYL AND ME, BUT I WANT TO ALERT YOU TO BELOVSKI'S PLAN TO CALL ON MOORE THIS WEEK TO DISCUSS SUPERGUARANTEES. BELOVSKI'S ATTITUDE WAS THAT THIS ISSUE SHOULD NOT BE THAT DIFFICULT TO RESOLVE BEFORE TITO DESPITE THE ATTITUDE OF "CERTAIN PEOPLE" BACK IN BELGRADE WHO DON'T SEE THE WHOLE BILATERAL PICTURE. THEREFORE, WITH OUR BLESSING, HE WILL TRY TO
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WORK WITH MOORE AND ALBRIGHT TO COME UP WITH SOME COMPROM-ISE, WHICH HE WILL THEN TRY TO SELL TO GOY. ALBRIGHT WAS SOMEWHAT CHAGRINED THAT BELOVSKI HAD NOT DISCUSSED THIS ISSUE WITH CEMOVIC DURING HIS STAY IN BELGRADE, AS HE HAD TOLD MOORE HE WOULD DO. WE SHARE ALBRIGHT'S CONCERN LEST THIS PROPOSAL FOR A PROCEDURAL MEMORANDUM OF UNDERSTANDING

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ELICIT NO INTEREST IN BELGRADE, BUT WE'LL NONETHELESS TRY

TO USE BELOVSKI AS BEST WE CAN.

3. SEKIC IVP. REF YOUR BELGRADE 637. WE HAD ALREADY PICKED UP ON BELGRADE 458 AND HAD BEEN IN TOUCH WITH JIM WALKER AT THE COUNCIL AND DICK HARDING (IN KATZ' ABSENCE) IN COMMERCE TO GET THEM GEARED UP FOR SEKIC. THE VPS PROGRAM OFFICER IS GEORGE SLAVIC AND WE WILL PUSH HIM AND CU/EE TO PUT TOGETHER A GOOD PROGRAM. SAM HAS ALREADY POUCHED OUT TO DAVID MATERIAL ON U.S. LEGISLATION AND PROGRAMS FOR ECONOMIC DEVELOPMENT OF UNDERDEVELOPED AREAS. I AM PLEASED TO ADD THAT STAN BILINSKI, WHO USED TO WORK IN COMMERCE'S ECONOMIC DEVELOPMENT ADMINISTRATION, HAS SHOWN CONSIDERABLE INITIATIVE IN FOLLOWING UP THIS SIDE OF SEKIC'S INTERESTS.

4. ECONOMIC/COMMERCIAL WORKING GROUP. AS SAM TOLD DAVID BY PHONE LAST WEEK, THERE WAS A CONTRETEMPS IN EB AFTER THE PAPER WENT TO THE NSC PROPOSING THE WORKING GROUP. JULES KATZ HAD NOT CLEARED THE IDEA IN EB AND HAD THE PAPER CALLED BACK. I SPOKE TO HIM ABOUT WHY WE FEEL THE WORKING GROUP WOULD BE USEFUL, AND ALTHOUGH HE CONTINUES TO HAVE HIS DOUBTS, HE AGREED NOT TO BLOCK IT. WE ARE NOW AWAITING THE NSC GREEN LIGHT, WHICH TREVERTON SAYS SHOULD BE NO PROBLEM. ALTHOUGH THE MEMO INDICATES AN INITIAL MEETING (IN BELGRADE) IN SECOND HALF OF MARCH, WE NOW CONFIDENTIAL

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SUSPECT THAT ANY EARLIER THAN APRIL IS UNREALISTIC. WELCOME YOUR THOUGHTS ON THIS AND ALSO ON HOW TO PRESENT IT TO GOY. I WOULD ASSUME THIS COULD BEST BE DONE TO BELGRADE IN CONTEXT OF TITO VISIT PREPARATIONS.

5. U.S.-YUGOSLAV TRADE FOR 1977. WE JUST RECEIVED CENSUS BUREAU PRELIMINARY FIGURES, WHICH ARE VASTLY DIFFERENT FROM GOY FIGURES. U.S. EXPORTS: $357.0 MILLION (FAS); U.S. GENERAL IMPORTS; $334.9 MILLION (FAS).

6. KRSKO. THERE IS SOME BELATED CONSTERNATION IN OES AND ACDA OVER OUR HAVING POUCHED THE U.S.-INDIAN BILATERAL TO YOU FOR KLJUN. DESPITE EARLIER ASSURANCES THAT INDIANS FULLY MET IMMEDIATE CRITERIA FOR TARAPUR, WE NOW HEAR THAT SOME IN DEPARTMENT/ACDA REGARD LANGUAGE OF U.S. RIGHTS OVER REPROCESSING AS TOO WEAK AND INSIST WE COULD NOT ACCEPT SAME FORMULATION FROM GOY IF THEY TRIED TO COPY IT. ARTICLE II, SECTION E OF BILATERAL GIVES INDIA RIGHT TO REPROCESS IN INDIAN FACILITIES UPON A JOINT DETERMINATION THAT SAFEGUARDS CAN BE EFFECTIVELY APPLIED. (THE JAPANESE AND BRAZILIAN BILATERALS ARE SIMILARLY WORDED.) WHILE THE

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U.S. POSITION IS THAT SAFEGUARDS CANNOT CURRENTLY BE EFFECTIVELY APPLIED, AND THUS NO REPROCESSING CAN BE PERMITTED, THERE IS ENOUGH LEGAL AMBIGUITY IN THIS FORMU-

ATION TO CAUSE US TO HAVE STIFFENED THE WORDING IN MORE RECENT AGREEMENTS. (THE SPANISH, INDONESIAN, SWEDISH AND SWISS BILATERALS, ALL OF WHICH WERE POUCHED TO MALLOY, PERMIT REPROCESSING "IN FACILITIES ACCEPTABLE TO BOTH PARTIES" IN ADDITION TO A JOINT DETERMINATION OF SAFEGUARDABILITY. THIS IS CONSIDERED AN IMPORTANT IMPROVEMENT OVER THE INDIAN/BRAZILIAN/JAPANESE MODEL.) WE NOW INSIST THAT REFERENCES TO REPROCESSING IN OUR BILATERALS MAKE THE U.S. VETO EVEN MORE EXPLICIT. NOTE THAT IN NOSENZO'S DISCUSSION PAPER, IN THE SECTION ON DISPOSITION OF SPENT FUEL, YUGOSLAVIA WOULD BE FREE TO REPROCESS "ON REQUEST TO THE CONFIDENTIAL

U.S." SHOULD THE STORAGE OPTIONS BE UNAVAILABLE OR REJECTED BY EITHER PARTY. I DO NOT PRETEND TO BE AUTHORITATIVE ON THIS, AND I REALIZE THAT KLJUN IS INTERESTED IN JUST SUCH NUANCES (WHICH ARE, INDEED, SUBSTANTIVE). THIS UNDERLINES, I THINK, THE IMPORTANCE OF RESUMING THE DIALOGUE BETWEEN NOSENZO AND KLJUN. INCIDENTALLY, NOSENZO, NYE AND ALL THE NPT PEOPLE AT STATE ARE NOW LOCKED UP IN TESTIMONY ON THE NUCLEAR EXPORT BILL, WHICH IS ONCE AGAIN (TODAY) ON THE FLOOR OF THE SENATE. WE'LL TRY TO KEEP YOU UP TO DATE ON ITS PROGRESS.

7. E/C LOCAL POSITION. REF YOUR BELGRADE 637. EUR/EX CAN PRESENT YOUR CASE NEXT WEDNESDAY AT THE WEEKLY MEETING WITH MODE, SO SUGGEST YOU GET IN YOUR JUSTIFICATION (SLUGGED TO BOTH EE AND EX) BY MONDAY SO WE CAN DISCUSS WITH TULL.

8. REPLACEMENT FOR ED MALLOY. PLEASE TELL DAVE EVANS THAT PERSONNEL, OES AND WE ARE LOOKING AT JACK GOSNELL, AN O-5 SERVING IN MOSCOW AS ASSISTANT SCIENCE ATTACHE, TO REPLACE MALLOY. GOSNELL IS REPORTED TO HAVE HIGH MARKS AND IS NOW THE ODDS-ON CANDIDATE. WE'RE STILL A COUPLE OF WEEKS AWAY FROM PANELING, HOWEVER.

9. ANNUITIES/CEMOVIC LETTER TO BLUMENTHAL. JUST HEARD FROM TREASURY THAT DRAFT RESPONSE TO CEMOVIC SAYING "NO" TO GOY REQUEST FOR DOLLAR PAYMENTS WAS BUCKED BACK BY SOLOMON, WHO WANTS TO KNOW WHY WE SHOULDN'T AGREE. NOW IS THE TIME TO COME IN WITH OPEN-CHANNEL MESSAGE IF EMBASSY FEELS STRONGLY ON THIS ISSUE. WE REMAIN UNCONVINCED OF ITS IMPORTANCE BUT ARE PREPARED TO FIGHT THE GOOD FIGHT IF YOU GIVE US AMMUNITION.

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10. FOR THE NEW CAREER MINISTER, FROM HIS COLLEAGUES IN EE, CONGRATULATIONS. WE KNOW YOUR INNATE MODESTY WILL PREVENT THIS FROM GOING TO YOUR HEAD. VANCE

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